GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Centrally Sponsored Scheme - Setting up of Bulk Drug Parks in A.P. and authorizing APIIC Ltd., to prepare and submit application to Government of India on behalf Government of Andhra Pradesh for approvals under the Scheme for promotion of Bulk Drug Parks (BDPs) in India, Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, Government of India and permission to execute the activities related to promotion of Bulk Drug Park - Approval accorded - Orders - Issued.

INDUSTRIES & COMMERCE (INFRA) DEPARTMENT

G.O.MS.No. 45 Dated: 26-08-2020.
Read:

From the Ministry of Chemicals & Fertilizers, Department of Pharmaceuticals, Government of India Notification No.31026/16/2020-Policy, dt.02.06.2020.

****

ORDER:

The Indian pharmaceutical industry is the 3rd largest in the world by volume and 14th largest in terms of value. The country manufactures 60% of vaccines globally and is one of the largest supplier of Generic drugs globally. However, Indian manufacturers rely heavily on imports of Bulk Drugs and APIs, primarily from China to the extent of 70%. The current dependency of Indian pharmaceutical companies on Chinese APIs is a serious concern for national health security. Keeping this view and with a view to attain self-reliance and reduce import dependence of critical APIs and to ensure continuous supply of drugs which is necessary to ensure delivery of affordable healthcare to the citizens and to avoid disruption in supplies which can have significant adverse impact on Drug Security, Government of India issued Gazette notification in the reference read above to set-up three Bulk Drugs parks in the country covering:

i. Scheme on Promotion of Bulk Drug Parks for financing Common Infrastructure Facilities in 3 Bulk Drug Parks with financial implication of Rs.3,000 Crores for next five years.

ii. Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of critical KSMs/Drug Intermediates and APIs in the country with financial implications of Rs.6,940 Crore for next eight years.

2. The detailed scheme guidelines issued in the Gazette notification on 27.07.2020, for promotion of domestic manufacturing of critical KSMs/Drug Intermediates and APIs in brief are as follows:

I. Government of India decided to develop 3 mega Bulk Drug parks in India in partnership with States through a Grant-in-Aid to States with a maximum limit of Rs.1,000 Crore per Bulk Drug Park with 70% financial assistance to a selected Bulk Drug Park. The tenure of the scheme is from FY 2020-2021 to FY 2024-2025 and the Project will be implemented by State Implementing Agency (SIA).

II. The scheme intends to boost domestic manufacturing of critical KSMs/Drug Intermediates and APIs by attracting large investments in the sector. The expected incremental sales of Rs.46,400 Crore besides additional employment generation in next (8) years.

III. The proposals submitted by the states will be evaluated in detail by Project Management Agency (PMA) before submitting recommendations to Department of Pharmaceuticals. Based on this, the application will be evaluated and given marks on various parameters.

IV. Applications meeting the criteria will be ranked as per the total marks and top three States will be provided with in-principle approval post which, the State has to submit DPR.

V. The scheme envisages setting up of Bulk Drug Park in a minimum area of over 1,000 Acres going up to 2,000 Acres which aims for import substitution and becoming self-sufficient in pharma – Making India Pharma Independent to develop Plug & Play Industrial park along with best in class Infrastructure besides.

VI. Key Components are Developed Industrial Plots (Land & Trunk Infrastructure), Common Infrastructure Facilities (Tangible & Intangible) besides Special Package of Incentive for the proposed Bulk drug park for KSM, Intermediate and API manufacturing, to create a competitive environment.

(P.T.O.)

3. Andhra Pradesh with a vibrant pharma ecosystem with more than 400 units, is playing a major role in Indian pharma growth story and stands in No.3 position with US $5 Bn Pharma output and US $1.0 Bn Pharma exports from AP.

4. The State has several advantages with second longest coastline, developed infrastructure in terms of roads, railways, ports, airports, Industrial corridors and investor friendly governance, Chemical and Petrochemical base in the State, including skilled manpower.

5. The combination of these factors makes A.P. the leading destination for the pharma industry in general and bulk drug manufacturing in particular and hence, it is a good opportunity for the State to propose a Bulk Drug Park in the State to harness the potential under the Bulk Drug Scheme of Government of India.

6. Taking into account the above aspects, the following measures are required to be considered as per the criteria prescribed by Government of India to submit proposals under the scheme:

i. Constitution of State Implementation Agency (SIA): The SIA to be immediately established as 100% subsidiary of APIIC (as per GoI policy, minimum 51% stake in the SIA needs to be maintained by State Govt). APIIC shall form the Special Purpose Vehicle in the name of "A.P. Bulk Drug Infrastructure Corporation Limited" which will be SIA. The initial Board of the SIA to comprise of:

- Special Chief Secretary – Industry & Commerce as Chairman.
- Principal Finance Secretary.
- VC&MD, APIIC Ltd.
- State Drug Controller.
- Director of Industries.
- Member Secretary, AP Pollution Control Board.
- Director, IICT-CSIR.
- Director, IIT, Tirupathi.
- Managing Director of SIA.

Other directors to be inducted in the board of SIA at later stage as per requirements. The key responsibilities of SIA as per the guidelines are:

a. preparation of DPR covering the technical, financial, institutional and operational aspects,
b. tieing up and ensuring and making available balance funds of the project cost apart from the GoI grant,
c. obtaining all statutory approvals and clearances,
d. Providing single window system for various approvals,
e. recruiting suitable professionals for smooth execution of Project,
f. preparing event report at every stage,
g. furnishing regular progress reports of the project to DoP/ PMA,
h. to allot land only on long term lease basis,
i. shall keep a provision for cancellation of allotment of land if commercial production not started by allottee within a period of 2 years and to submit any report as sought by DoP from time to time.

ii. As State needs to offer unencumbered land to an extent of 2,000 Acres and to commit utilities and services charges for 10 years, and also needs to develop park that may requires funding and expertise to design, build finance operate and maintain the proposed park. Hence permission is required to engage a private partner, who can offer unencumbered land to a minimum extent of 2,000 Acres as per DoP-GoI scheme "Promotion of Bulk Drug Parks" dated 27th July, 2020, and who can design, build, finance, develop and operate the park, by duly leveraging their experience and expertise.

iii. As only three Bulk Drugs Park are allowed, there is expectation of competition among the States on quality, cost and overall facilitation to industry. Special Package of Incentives exclusively for the Bulk Drugs Park are required to compete with other States, as incentives are part of Evaluation Criteria prescribed by GoI under the scheme.

iv. To guide the Government in all aspects including the preparation of DPR, Submission of application etc, there is need to have a knowledge Partner on Board through a MoU. The IICT-CSIR has been identified as Knowledge Partner.

Contd...P.3

7. Government, after careful examination of the proposal hereby accord approval to undertake and setting up of Bulk Drug Park in a minimum area of 2,000 Acres in A.P. and authorised APIIC Ltd., for preparation and submission of application to Government of India on behalf of Government of Andhra Pradesh for setting up of Bulk Drugs Park under Bulk Drug Parks (BDPs) scheme of Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, Government of India.

8. Further, permission has been accorded to take forward the following initiatives related to setting up of Bulk Drug Park in the State:

i. To constitute "Andhra Pradesh Bulk Drug Infrastructure Corporation (APBDIC)", a 100% subsidiary under APIIC which to act as State Implementing Agency (SIA) for the project with Board and Responsibilities as specified at para 6(i) above.

ii. To identify a private partner, who proposes to offer minimum 2,000 Acres of unencumbered land, as per DoP-GoI scheme "Promotion of Bulk Drug Parks", dated 27th July, 2020 and willing to design, build, finance, develop and operate the park, through a transparent method.

iii. To enter into an MoU with IICT-CSIR as Knowledge Partner.

9. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., and the Director of Industries, A.P., Vijayawada shall take all necessary follow up action for taking forward proposal under the Scheme for its proper implementation.

10. This order issued with the concurrence of Finance (FMU.I&C, I&I, Energy) Department vide their U.O.No.FMU0PC(IIE)/4/2020-AS-9 (C.No.1210218), dt.18.08.2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., APIIC Tower, 9th to 11th Floors, Plot No.CFC-1, IT Park, Mangalagiri, Guntur District, A.P. – 522 503.
The Director of Industries, 1st Floor, Government Regional Printing Press Buildings, Mutyalampadu, Vijayawada – 520 011.

Copy to:
The Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, Government of India for favour of information.
The Health, Medical & Family Welfare Department, A.P. Secretariat, Velagapudi.
The G.A. (Cabinet) Department, A.P. Secretariat, Velagapudi. (with reference to U.O.No.122/2020, dt.21.08.2020.)
SC/SF.

//FORWARDED BY: ORDER//

SECTION OFFICER